

The Benefits of Co-operative Rental Housing in Victoria



Executive Summary of the Report:

Co-operative Rental Housing – a neglected housing option in the midst of a housing crisis. An investigation into the economic, social and psychological benefits of Co-operative Housing for the Victorian Rental Housing Co-operative Sector by the Borderlands Co-operative (Authors: Jacques Boulet and Caroline Overbeek).

Introduction

In Australia, the notion of the *Australian Dream*, that home ownership is the basis for a secure and successful lifestyle, occupies a central place in the popular imagination and is a driver of significant economic activity and political interest. Access to adequate housing is an important human right¹ and is central to community wellbeing, provides the foundation for family and social stability, and contributes to improved health, educational outcomes and a productive workforce².

However for some Australians, access to affordable and secure housing is a remote possibility and has become increasingly unachievable. A range of economic and system-wide factors have contributed to the evolution of a housing market that fails to deliver affordable, secure and appropriate housing to meet the needs of all Australians.

In 2006, more than 23,000 Victorians were homeless³ or at risk of homelessness. Around 10% of the population experience housing stress⁴ in the private housing market terms of being able to afford rental and mortgage repayments. In addition, there is a lack of housing appropriate to the needs of different types of households and housing insecurity as a result of low income people needing to move in search of more affordability, feeling unsafe or lack of appropriate living circumstances.

In Victoria, the public housing system is confronting a lack of financial sustainability, operational inefficiency and incapacity to meet demand pressures⁵.

There is a need for systemic change in the public housing system and innovative options to meet the need for affordable and secure housing for lower-income households. A broader range of alternative housing models could help to underpin access to more secure and affordable housing over the longer term and bring broader economic and social benefits.

The community housing sector has grown in recent years, alongside the public housing system, as a viable social housing provider.

There is potential for the community housing sector to further develop and grow as a strong and integral part of a renewed social housing system in Victoria.

As part of the community housing sector, rental housing co-operatives have developed over more than 30 years in Victoria as a financially sustainable model of affordable housing that provides a range of social, economic and personal/psychological benefits for their tenant members. They have been identified as having a more significant role as an alternative tenancy and ownership model in the housing market.⁶

Although representing a small proportion of housing stock in Australia, housing co-operatives are commonplace in many countries. They account for between 10 and 15 per cent of housing in Sweden, Norway and Germany. In Canada, approximately 250,000 people live in co-operative housing and it is a growing sector in Canada, USA and United Kingdom⁷.

Co-operative rental housing in Victoria

The co-operative rental housing sector provides around 2,500 units of housing for 6,000 tenant members in Victoria. There are two types of rental housing co-operatives, eight incorporated under the Victorian Co-operatives Act 1996, and 120 Common Equity Rental Co-operatives that are incorporated into Common Equity Housing Limited (CEHL), as not-for-profit company. Rental housing co-operatives head lease houses from the Victorian Director of Housing that are then leased to tenant members who manage the co-operative with the support of paid staff. CEHL owns, manages and develops housing on behalf of its member co-operatives.

1. United Nations, Universal Declaration of Human Rights 1948

2. Productivity Commission, 2004

3. Council to Homeless Persons, Fact Sheet: Homelessness in Victoria, 2010

4. Select Senate Committee on Housing Affordability in Australia, *A good house is hard to find: Housing affordability in Australia*, 2008

5. Victorian Auditor General's Report, *Access to Public Housing*, 2012

6. Select Senate Committee on Housing Affordability in Australia, *A good house is hard to find: Housing affordability in Australia*, 2008

7. Living Co-operatively Consortia, 2008; Fellowship of Intentional Communities, <http://www.ic.org>

The benefits of co-operative rental housing

Access to secure and decent housing at an affordable price with the significant positive flow-on effects for members and their families is the major socio-economic and psychological benefit of co-operative housing. Taking part in ongoing decision-making about the co-operative means members are taking significant responsibility for their housing and general living conditions. It also creates awareness about, and responsibility for, one's own dwelling and for the overall adequacy of housing for all. Of all models of public and social housing in Australia, co-operatives provide the highest level of control over one's circumstances. High tenant participation is a key advantage compared with alternative housing models in the non-owner housing market.

International and Australian research has identified a range of specific benefits offered by community and co-operative rental housing models. They include economic and social benefits, as well as person and psychological benefits for individuals.

The psychological and personal benefits include:

- A sense of empowerment through participation in the life and management of the co-operative rather than dependence on welfare

I would have been homeless, my boy was given an opportunity that he would not have ever have had.. he's been given the opportunity to grow up in his own neighbourhood, go to the school that all his friends go to, develop lifetime friendships.. our children grew up with dignity and were given the opportunity that everybody else had because we could house them, feed them and clothe them and send them to school looking just like everybody else's children.

I had a voice.. a sense of 'I'm not an idiot', self worth.. a lot of relief and because my children have been part of that conditioning, they learnt to be strong and good women.

- The confidence, skills, education and increased our political awareness that results from becoming more involved in the housing movement

I have found that with the motivation and encouragement offered by the members, that I have been able to grow as an individual. I have learnt many new skills and new confidence in my abilities due to undertaking different roles in running the Co-op .. and I now have a job that I never dreamed that I was capable of securing (woman, 18 years of co-op living).

- The development of a sense of place and being able to put down roots, due to having a secure home. The flow-on effects include a sense of belonging, stable schooling, employment and involvement in the local community

It creates a whole lot of dysfunction in the community if people are continually having to uproot, their doctor, their dentist, it's not just about schools and people you know, your neighbours and your friendships, it becomes about everything you do in your life (Young woman with child, 3 years of co-op living)

- A sense of ownership that resonates strongly with the cultural and social power of the idea of homeownership as embodied by the 'Australian Dream'.

The social benefits include:

- the strengthening of communities through encouraging active engagement with management and the activities of the co-operative community; and through providing a stable base from which to connect to wider social networks and education, health and recreational opportunities

I was (before I had a child) working full time, I was working in the public sector, I had a good paying job, I'm university educated, I can make a good wage but with a child I could not afford to go back to work full time, put her in childcare full-time and pay rent or pay my mortgage... I really didn't have any options.. I was very, very depressed... and it should have been a really great time as I had a beautiful baby but it was so hard, so it has been a huge blessing for us (young woman, member since 3 years).

- the development of employment-conducive social networks due to the participatory nature of tenant-led organisations and the opportunities to manage aspects of the Co-operative's functions, including membership, community development, maintenance, member selection and induction, finances and budget
- the flexibility and security to respond to changing circumstances in members' lives and buffer against problems when they arise, through for instance, linking members to financial advice or government support; or assisting tenant-members to be re-housed in more appropriate housing within their community, thus maintaining their social connections as they age

Just knowing that we were going to have a roof over our heads, particularly with young kids, has just made a huge difference – even now when things are tough money-wise, we always know that we can manage thanks to the additional support from the co-op and the staff; for me that is the biggest thing (woman member for 10 years)

- affirming cultural diversity and inclusion as a valued part of community life.

The economic benefits include:

- productivity and efficiency gains for the Government through members sharing in co-operative management and administration; the value of assets being retained as the houses are generally very well cared for and maintained; and a very efficient use of government subsidy for low income households
- a reduction in housing stress resulting in greater financial flexibility, particularly for low income households. This relief affects 92.5% of the low-income households in community housing, amounting to an additional \$2,548 of disposable income for tenants when compared to private rental⁸
- improved access to education, training and employment leading to reduced dependency on government-funded payments and contribution to the economy as a result of stable, secure and affordable accommodation that makes it easier to prioritise educational or job-training opportunities and inhouse opportunities for training and skills development

Kim and her family moved from Tasmania and saw a few ups and downs before their co-op gave them real stability. Having taken on the role of Treasurer at a difficult time, Kim was able to secure a position that allowed her to qualify as a graduate accountant – and husband Tim has fulfilled a dream and retrained as a personal trainer (CEHL, 2011)

- improved overall health because of reduced stress and anxiety, enhanced wellbeing, healthier eating habits, more regular use of medical services and medications due to a more stable, secure and positive housing environment; reducing the cost to government
- intergenerational benefits of improved education for children living as a result of more stable and secure housing, breaking the cycle of poverty and dependence on financial assistance provided by the government

The overall value of the social and economic benefits derived from community housing is considerable. In 2011, the Social Value of Community Housing Paper⁹ found that the total monetary impact of the benefits of providing community housing in Australia over a five-year period, across economic, educational and health outcomes amounted to approximately \$644 million.

Co-operative rental housing should be considered an essential addition a sustainable social housing system and to the range of housing options available to Victorians, for the following reasons:

- Rental housing co-operatives as a financially sustainable model can, under the right conditions, make a significant contribution to increasing the **overall supply and availability** of affordable, secure and quality housing in Australia and Victoria
- Rental housing co-operatives increase the **diversity of occupancy types** across the entire housing spectrum, especially in the middle space between the ownership/private rental and public housing options, often referred to as social housing
- Co-operative housing by providing secure, affordable housing provides significant **economic and social benefits** for the individual tenant-member, their families and their communities, for government and for society in general
- Co-operative housing offers a mode of tenure that responds to **other life aspirations** (social, psychological and ecological)
- Co-operative housing can be a major **preventative response to the negative economic, social and psychological effects** of the lack of secure, affordable housing and the social stigma of welfare housing
- Co-operative housing offers members degrees of security, control over, and **participation** in, decision-making about the great array of issues potentially facing all citizens within the vagaries and precariousness of an uncertain economic and social local/global context.

This document was prepared by a Steering Committee of the Rental Housing Co-operatives sector. To make contact with the sector:

Community Housing Federation Victoria
T: 03 9654 6077 E: chfv@chfv.org.au

8. Ravi, A & Reinhardt, C. *The social Value of community Housing in Australia Report*, 2012.

9. *ibid.*